

**TRANSFORMATIONAL LEADERSHIP PRACTICES FOR SOUND FINANCIAL
MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN KENYA**

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ABSTRACT

The purpose of this study was to determine the relationship between transformational leadership practices and financial management in public secondary schools in Nairobi, Kenya. Leadership Practices Inventory (LPI) "Self" was used to collect information on transformational leadership practices of secondary school principals. Information on financial management was based on school principals' ability to segregate the school funds into specific vote heads, allocate the funds to specific vote heads and account for the allocated funds. Pearson correlations were used to establish if there was a relationship between transformational leadership practices and financial management in secondary schools. Results indicated a positive correlation between transformational leadership and financial management. This relationship was however modest ($R=0.4387$) but significant at $p < 0.05$. This could mean that there are other variables other than leadership practices likely to affect financial management such as accounting officers and the government. Based on these findings, it is recommended that secondary school principals must be well equipped to be able to exhibit strong leadership skills as measured by the leadership Inventory in order to succeed in managing the finances in their schools. The teachers' service commission must carefully screen the teachers who are recruited to become principals.

Key words: Transformational leadership, financial management, secondary school, principals

1. Introduction

All successful organizations irrespective of type and size have been associated with effective leadership. This is because leaders can motivate the employees beyond expectations. Schools like all other organizations strive hard to achieve their set objectives. Ndiritu (2023) in her study on transformational leadership of secondary school principal in Nairobi County, Kenya, found that school principals were the major driving force to schools' increased effectiveness. This she found was a result of their major role in setting direction and creating a positive school culture. This has been supported by other researchers such as Vernyuy (2015) who restated that below any outstanding school there is an outstanding principal. Leaders not only motivate their subordinates to improve on their job performance but also inspire them to perform more than expected by their job requirements (Nawosekng'ollan & Roussel, 2017)

Given the importance of leadership on organizational performance, there has been a lot of debate on what leadership style is superior to others and its effects on the organization. Transformational leadership style has emerged among the first popular styles of leadership (Mittal & Dhar, 2015, Khalili, 2016). According to Gemeda and Lee (2020), the leadership style that has been found to contribute both directly and indirectly to organizational outcome is transformational leadership style. This leadership style is associated with improved school functioning and quality education delivery through teacher commitment and willingness to exceed targets (Nedelcu 2013). When this leadership style is used effectively, it has the ability to improve subordinates' attitudes, responses and actions and also improve communications between the members.

Transformational leadership is hypothesized to occur when leaders create within followers a capacity to develop higher levels of commitment to organizational goals. The leaders are able to do this by displaying certain characteristics in their leadership. According to Kouzes and Posner (2002) there five major characteristics or behaviours displayed by transformational leaders: modelling the

way, inspiring a shared vision, challenging the process, enabling others to act and encouraging the heart. By practicing these behaviours, transformational leaders are able to influence their followers and other stakeholders of the organization to perform beyond expectation and to achieve their objectives within the given time.

This study was guided by the following hypothesis

HO there is no significant relationship between transformational leadership practices and sound financial management

2. LITERATURE REVIEW

2.1 Introduction

The significance of effective school leadership has prompted numerous studies on the traits, skills, and practices of successful school principals (Starcher, 2006). Kouzes and Posner (2007), through their research on exemplary leadership experiences, identified a consistent set of actions and concluded that leadership is defined by these practices. They developed a leadership model based on these common practices, which include: modeling the way, inspiring a shared vision, challenging the process, enabling others to act, and encouraging the heart. This study aims to explore the relationship between transformational leadership and effective financial management in primary schools in Kenya

2.2 Empirical Literature

Education in Kenya continues to take a huge amount of money in comparison to other sectors of the economy. For example, in the Kenyan budget of 2024, the sector was said to be allocated 656.6 billion of the 3.92 trillion fiscal estimates translating into 27.6 percent. This was an increase from the Kshs 544.4 billion given to the sector in the 2023/24 financial year (Budget statement, 2024). The Ministry of education has been in the past insisted that all the guidelines on how the finances are managed must be followed (MOE 2005, 2006, 2007) by ensuring that there should proper accounting of the finances spent is kept. The importance of managing finances has been emphasized in the constitution 2010 as the vehicle that would lead to the attainment of its agenda. The role of educational administrators on finances is well stipulated in the education Act of 2013. The school administrators are accountable for controlling financial resources so as to ensure that school objectives are achieved. The objectives of the school include ensuring that students learn and achieve good grades after completing their secondary school education (Okelele 2021).

Mismanagement of school financial have been a topic of interest to all stakeholders which include, the government, parents, teachers and the students. A report by World Bank (2019) reported that the course of mismanagement of school financial resources is lack of management skills by the school principals. Although there is provision of school finances by the Kenyan government, there is need to ensure that the finances are well managed to enhance achievement of school goals. The responsibility of ensuring that the school finances are well utilised is bestowed on the school principal as indicated in the Governance of Education Act of 2001. Brigham and Houston (2012) emphasise that financial management is the application of managerial principles of decision making

which fall under the organizational leader. This therefore is an important function performed by of school heads. This function should be carefully performed for satisfactory academic performance (Motsamai et al. 2011). This is also confirmed by Elizaveta, (2018) who avers that if school leaders have a clear understanding of their role in the management of finances, then the quality of education is likely to be improved.

Effective financial management is crucial for the smooth operation of any school. Principals are key in ensuring that their institutions not only adhere to budget constraints but also optimize the use of available resources to improve educational outcomes. Without proper management of finances, the headteachers are not able to provide the necessary teaching resources and food for their learners (Motsamai et al. 2011). Usman (2016) also agrees that lack of monetary resources, can lead to the collapse of operations of any learning institution. This is because finances are important in payment of salaries, procurement of goods and services and also in settlement of liabilities and other expenditures.

A number of theories on leadership have been studied seeking to determine the most effective leadership style that contribute to achievement of organizational objectives. Leadership is a significant managerial factor in any organization. According to Schultz (2003) the success or failure of any organization depends to a large measure on the quality of its leaders. For any organization to be successful there must be an effective leader who is able to mobilize all the resources in the organization so as to achieve its goals. A school like any other organization requires an effective leader to achieve its goals (Barnett, McCormick & Connors, 2001). When schools are not performing well, the blame is usually put on the principal who is the leader of the school. The significance of the principal is emphasized by Griffin (1995) who explains that many schools are brought down through inadequate leadership.

Scholars have tried to establish the kind of leadership behaviour that would enhance efficiency in organizations (Kouzes & Posner, 2002). One kind of leadership behaviour that has been a topic of debate among scholars for the past decade is transformational leadership (Murphy, 2002). Transformational leadership is hypothesized to occur when leaders create within followers a capacity to develop higher levels of commitment to organizational goals (Leithwood & Jantzi, 2000). The leaders are able to do this by displaying certain characteristics in their leadership. Transformational leaders are expected to be exemplary role models for their followers, motivate them to be more committed to the vision of the organization, encourage creativity and also act as advisors to their followers.

Transformational leadership by school principals have been found to have a positive correlation with better financial management in the school. Sabwani (2021) found out that principals who practice transformational leadership often inspire and motivate staff to adopt better financial practices. This is likely to lead to effective budgeting, resource allocation and financial planning.

Heenan et al. (2023) agrees with this and reports that transformational leaders often engage with various stakeholders including parents, community members and local businesses which lead to increased financial support and partnerships that benefit the school financially. A transformational school principal is able to foster a positive school culture and also encourage innovative practices which can help schools identify new revenue streams and cost saving measures. This can improve

the overall financial health of the school (Sabwani 2021). Transformational leaders often prioritize professional development of their staff. If well trained these staff gain skills needed to manage school finances effectively (Heenan 2023). Another area that transformational school leader emphasise on is ethical behaviour and accountability. When this is ascertained especially in public schools, cases of mismanagement of school finances are likely to go down

2.3 Theoretical framework

Transformational leadership was first outlined by Burns in 1978 but later reconceptualized by Bass and his colleagues in 1985. Burns determined that great historical leaders held in common a distinctive kind of leadership, which he termed “transforming.” According to Bass (1998), transformational leaders motivate their followers to do much more than they ever thought they could do by raising their level of consciousness about the importance and value of specified idealized goals. They also make the followers to transcend their self-interest for the sake of the organizational goals and make them to address high level goals. Transformational leadership is based on joint decision making and has emerged as the new model of leadership (1996). According to Bass, this leadership has the following components: charismatic leadership characteristic where leaders act as role models, inspirational motivation leadership characteristic where leaders act in ways that motivate others, intellectual stimulation characteristic where leaders solicit for new ideas and new ways of doing things and individualized consideration characteristic where leaders provide a supportive climate where individual differences are provided.

Kouzes and Posner (2007) developed this theory further and validated it in a number of independent studies in educational setting. In their studies, they came up with five practices that differentiated effective leaders from ineffective ones. These practices are modelling the way, challenging the process, enabling others to act, inspiring a shared vision and encouraging the heart. Knab (2009) refers modelling to living behaviours and values that one wants the subordinates to emulate. He posits that inspiring a shared vision entails motivating people and capturing their attention by proper communication. In challenging the process, Knab (2009) refers to this as a situation where leaders try to look for new ways of doing things. Delegating leadership is covered in enabling others to act and support of subordinate is seen in encouraging the heart. Ndiritu (2012) found that t principals who displayed the five components of transformational leadership in their schools performed better than those who did not. Performance was measured by KCSE examination.

Researchers have tried to establish the relationship between transformational leadership practices and financial management. For example, Sabwani, Areba and Abenga carried out their study in Tranzoia county in Kenya. Their findings revealed that practices of transformational leadership had a significant effect on financial resources management at p value of 0.001. Some researchers have however, reported contradicting findings on the relationship between transformational leadership and financial performance. Some have reported that there is significant positive relationship (Son, Phong & Loan, 2020). Strukan et al. found that transformational leadership has a positive impact on company’s financial performance because it motivates leaders to initiate significant changes in the organization that encourage employees to work better. Son et al. (2020) also confirms this in their study in which they found that transformational leadership affects financial performance more effectively that operational performance. The same has been established by other studies such as one done by Ocak and Ozturk(2018). In their study on Turkish manufacturing companies, they

found a positive relationship between transformational leadership and company performance. Wang et.al (2011) also related that transformational leadership to organizational performance.

The current study links transformational leadership with prudent financial management as one of the indicators of school efficiency.

3. RESEARCH METHODOLOGY

This study employed a correlational research design. It sorted to establish if there was a correlation between transformational leadership practices and financial management. The target population entailed public schools in Nairobi County, Kenya. The main research instrument was the LPI “self” developed by Kouzes and Posner (2002) and variables measuring financial management included. Pearson correlations were used to establish if there was a relationship between transformational leadership practices and financial management in secondary schools. other than leadership practices likely to affect financial management such as accounting officers and the government.

4. RESEARCH FINDINGS

Results indicated a positive correlation between transformational leadership and financial management. This relationship was however modest ($R=0.4387$) but significant at $p < 0.05$. This could mean that there are other variables The principals who practiced transformational leadership were found to be doing better in financial management than those who did not. It was therefore recommended that Kouzes and Posner’s’ model should be taught to all principals before they embark on leadership. The government should also have in-service training programmes for all principals in which transformational leadership is a core course. Institutions training school principals should ensure that principals are also trained on how to display transformational leadership characteristics.

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